



Management Discussion and Analysis Report
First Half 2022
27th July 2022



Commercial Bank of Dubai (CBD) reports net profit of AED 866m, up 28.1% on H1 2021

Key Performance Indicators

Net Profit AED 866m	Return on Equity 15.69%	Cost to Income 27.39%
Assets AED 118b	Capital Adequacy Ratio 15.43%	CET1 ratio 11.88%

Robust performance uplift in H1 2022 compared to H1 2021

Net profit of AED 866 million up 28.1% versus the prior comparative period

Lower expected credit losses

Net impairment allowances were AED 393 million, down 19.3% compared to H1 2021

Cost to income ratio comparable to H1 2021

Excellent cost to income ratio at 27.39%

Robust balance sheet supported by strong liquidity, funding and capital ratios

Gross loans were AED 83.6 billion, an increase of 6.8% compared to H1 2021



Dubai, 27th July 2022: Commercial Bank of Dubai (CBD) today reported its financial results for the first six months of 2022.

Commercial Bank of Dubai has delivered a net profit of AED 866 million for the first half of 2022, up 28.1% compared to the first half of 2021. Higher revenue across Net Interest and Other Operating Income generated a strong increase in net profit. Notably, market interest rates have risen, and coupled with solid loan growth resulted in higher revenue in the first half. Whilst the global macro-economic environment is challenging, on balance, the outlook for UAE economy remains positive.

Commenting on the bank's performance, Dr. Bernd van Linder, Chief Executive Officer said, "CBD has delivered a strong result attributable to a high quality and well balanced business performance. Overall, our net profit was AED 866 million, well above H1 2021 on higher net interest income and overall improved business performance. CBD has made significant progress on its long-term goals and is tracking well on its strategic priorities."

He added, "Our recent accolade from Forbes Middle East, where we were named the number one bank in the UAE on the list of the World's Best Banks, was an inspiring achievement. It has been pleasing to witness continued recognition throughout 2022 where CBD has been the recipient of various industry awards. These awards recognise our commitment in placing our customers at the heart of everything we do and is a measure of the hard work and dedication of the entire CBD team.

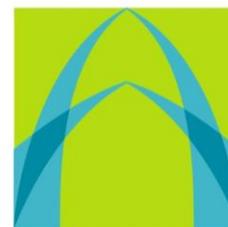
Digital transformation and innovation are fundamental to our ongoing success and we will continue to significantly invest in these areas to ensure we provide our customers with a convenient and seamless banking experience. CBD's customer promise will guide us as a bank that backs our customers' ambitions."

H1 2022 results:

- ▶ Net profit at AED 866 million, 28.1% above H1 2021
- ▶ Operating income was AED 1,734 million, up 10.3% driven by net interest income, fees and commissions
- ▶ Expenses were AED 475 million, up by 16.1% from H1 2021
- ▶ Operating profit was AED 1,259 million, up by 8.3% comparable to H1 2021
- ▶ Net impairment allowances were AED 393 million, down 19.3%

As at 30 June 2022:

- ▶ Capital ratios remained strong with the capital adequacy ratio (CAR) at 15.43%, Tier 1 ratio at 14.28% and Common Equity Tier 1 (CET1) ratio at 11.88%
- ▶ Gross loans were AED 83.6 billion, an increase of 3.9% compared to 31 December 2021
- ▶ Advances to stable resources ratio (ASRR) stood at 89.35%



Income Statement

Operating income was AED 1,734 million for the first half of 2022, up 10.3%, attributable to increased Net Interest Income (NII) by 12.2% on higher interest rates and volumes, and growth in Other Operating Income (OOI) from strengthened business activities.

Operating expenses were AED 475 million, on the back of investments in digitisation, growth and risk management. The cost-to-income ratio remains excellent at 27.39%.

(AED Million)

Income statement	H1 22	H1 21	YoY Var	Q2 22	Q1 22	QoQ Var
Net interest income	1,133	1,010	12.2%	590	543	8.7%
Other operating income	601	562	6.9%	285	316	(9.8%)
Total income	1,734	1,572	10.3%	875	859	1.9%
Operating expenses	475	409	16.1%	239	236	1.3%
Operating profit	1,259	1,163	8.3%	636	623	2.1%
Net impairment allowances	393	487	(19.3%)	201	192	4.7%
Net profit	866	676	28.1%	435	431	1.0%

Balance Sheet

Total assets were AED 117.5 billion as at 30 June 2022, an increase of 4.2% compared to AED 112.8 billion as at 30 June 2021.

Net loans and advances were AED 78.9 billion, registering an increase of 6.5% compared to AED 74.0 billion as at 30 June 2021.

Customers' deposits were AED 84.8 billion as at 30 June 2022, representing an increase of 6.3% compared to AED 79.8 billion as at 30 June 2021. Low cost current and savings accounts (CASA) constitute 48.8% of the total customer deposit base, while the financing-to-deposits ratio stood at 92.96%.

(AED Million)

Balance sheet	H1 22	H1 21	YoY Var	Q2 22	Q1 22	QoQ Var
Gross loans and advances	83,593	78,286	6.8%	83,593	83,199	0.5%
Allowances for impairment	4,741	4,241	11.8%	4,741	4,513	5.1%
Net loans and advances	78,852	74,045	6.5%	78,852	78,686	0.2%
Total assets	117,537	112,767	4.2%	117,537	119,036	(1.3%)
Customers' deposits	84,827	79,820	6.3%	84,827	82,808	2.4%
Total Equity	13,121	12,966	1.2%	13,121	12,996	1.0%



Asset Quality

The non-performing loan (NPL) ratio decreased to 6.78%, down from 6.95% at the end of 2021.

The net impairment charge totaled AED 393 million for the first half of 2022. The headline coverage ratio increased by 997 bps to 72.6% (Dec 2021: 62.6%) and 119.21% inclusive of collateral for stage 3 loans. As at 30 June 2022, total allowances for impairments amounted to AED 4,741 million.

Liquidity and Capital position

The bank's liquidity position remained robust with the advances to stable resources ratio at 89.35% as at 30 June 2022 (Dec 2021: 88.00%), compared to the UAE Central Bank maximum of 100%.

CBD's capital ratios remained strong with the capital adequacy ratio (CAR) at 15.43%, Tier 1 ratio at 14.28% and Common Equity Tier 1 (CET1) ratio at 11.88%. All capital ratios were well above the minimum regulatory thresholds mandated by the UAE Central Bank.

Key ratios %	(%)					
	H1 22	H1 21	YoY Var (bps)	Q2 22	Q1 22	QoQ Var (bps)
Return on equity	15.69%	12.67%	302	16.18%	15.71%	47
Return on assets	1.50%	1.29%	21	1.47%	1.48%	(1)
Cost to income ratio	27.39%	26.01%	138	27.31%	27.47%	(16)
Non-performing loans (NPL)	6.78%	6.44%	34	6.78%	6.93%	(15)
Provision coverage	72.56%	72.67%	(11)	72.56%	67.58%	498
Financing-to-deposit ratio	92.96%	92.76%	20	92.96%	95.02%	(206)
Advances to stable resources	89.35%	87.60%	175	89.35%	90.42%	(107)
Capital adequacy ratio	15.43%	15.69%	(26)	15.43%	15.61%	(18)
Tier 1 ratio	14.28%	14.52%	(24)	14.28%	14.46%	(18)
CET1 ratio	11.88%	12.04%	(16)	11.88%	12.00%	(12)

Ratings

Agency	Rating	Outlook	Date
Fitch Ratings	A-	Stable	Apr-22
Moody's	Baa1	Stable	Apr-22



About CBD

The bank was incorporated in Dubai, United Arab Emirates in 1969 and is registered as a Public Joint Shareholding Company (PJSC).

The bank is listed on the Dubai Financial Market and is majority owned by UAE Nationals, including 20% by the Investment Corporation of Dubai (ICD). The bank employs over 1,300 staff and offers a wide range of conventional and Islamic banking products and services to its institutional, corporate and personal banking customers through a network of 14 branches. Moreover the bank has invested in an extensive network of 168 ATMs/CDMs.

For further information, kindly contact: CBD Investor Relations @ investor.relations@cbd.ae